

CHAPTER 31  
ACCESS TO AFFILIATE RECORDS, REQUIREMENTS FOR ANNUAL FILINGS,  
AND ASSET AND SERVICE TRANSFERS

**199—31.1(476) Applicability and definition of terms.** This chapter applies to all rate-regulated gas or electric public utilities and rate-regulated telephone utilities providing local exchange telecommunication service. All terms used in this chapter shall be defined as the terms are defined in Iowa Code section 476.72 unless further defined in this chapter.

“*Fully distributed cost*” is a costing approach that fully allocates all current and embedded costs to determine the revenue contribution of regulated and nonregulated affiliate operations.

“*Net book value*” means the original purchase price minus depreciation.

**199—31.2(476) Availability of records.**

**31.2(1) *Separate records.*** All affiliates of the public utility shall maintain records which are separate from the records of the public utility.

**31.2(2) *Records to be maintained.*** The records maintained by each affiliate and made available for inspection through the public utility shall include, but not be limited to: ledgers; balance sheets; income statements—both consolidated and consolidating; documents depicting accounts payable and vouchers; purchase orders; time sheets; journal entries; source and supporting documents for all transactions; all contracts, including summaries of unwritten contracts or agreements; a description of methods used to allocate revenues, expenses, and investments among affiliates or jurisdictions, including supporting detail; and copies of all filings required by other state and federal agencies.

**31.2(3) *Method of inspection.*** The records of each affiliate shall be made available to the board at the principal place of business of the public utility. Notwithstanding rule 199—18.3(476), upon receipt of a formal request in writing from the board for information, the public utility shall produce the requested information within seven days. Upon a showing of good cause, the board may approve additional time for response.

**199—31.3(476) Annual filing.**

**31.3(1)** On or before June 30 of each year, all public utilities shall file with the board the following information:

*a.* An executive summary of each new or revised contract, arrangement, or other similar transaction between the public utility and an affiliate. The executive summary shall include: the document number, the start and end date of the contract, the providing affiliate, the receiving affiliate, the total estimated dollar value, the dollar amount reported for the calendar year, and a description of the service or goods covered.

*b.* Verified copies of contracts, arrangements, or other similar transactions between the public utility and an affiliate shall be provided to the board upon request. This includes all contracts, arrangements, or other similar transactions as required by Iowa Code subsections 476.74(1) to 476.74(4).

**31.3(2)** Contracts, arrangements, or other similar transactions with an affiliate where the consideration is not in excess of \$50,000 or 5 percent of the capital equity of the utility, whichever is smaller, are exempt from this filing requirement. In lieu of the filing requirement, the public utility shall file on or before June 30 of each year a report of the total amount of each contract, arrangement, or other similar transactions with affiliates qualifying under this exemption. Each affiliate shall be identified separately.

**31.3(3)** After an initial filing under rule 31.3(476), a public utility shall file only new contracts or arrangements or other similar transactions and modifications or amendments to existing contracts or arrangements, or other similar transactions on an annual basis. If there have been no new contracts, arrangements, or other similar transactions, the public utility shall file a statement to that effect.

**31.3(4)** If a new affiliate is created, if an existing affiliate is dissolved or merged, if a contractual arrangement or other similar transactional relationship between the public utility and an affiliate is created, or if a contractual arrangement or other similar transactional relationship is terminated between the public utility and an affiliate, the public utility shall notify the board in writing within 30 days of the date of the event. This subrule does not apply if a proposal for reorganization pursuant to 199—Chapter 32 is to be filed with the board.

**199—31.4(476) Verified copies and confidential treatment.**

**31.4(1)** *Verified copies.* For purposes of this chapter, a copy is verified if it is accompanied by an affidavit signed by a corporate officer with personal knowledge of the veracity of the copy. Only one affidavit signed by a corporate officer with personal knowledge of the veracity of the copy need be included in an individual filing in order to verify all contracts, arrangements, or other similar transactions included in the filing.

**31.4(2)** *Confidential treatment.* When a public utility files contracts, arrangements, or other similar transactions with the board, all such contracts or arrangements for which confidential treatment is sought shall be clearly marked. In addition to the requirements set out in 199—1.9(22), the public utility shall provide, at the time of filing with the board, a list designating the contracts, arrangements, and other similar transactions, if any, for which confidential treatment is sought. The public utility shall designate where and to whom contracts, arrangements, and other similar transactions determined by the board to be confidential shall be returned.

**199—31.5(476) Comparable information.** For the purpose of satisfying the filing requirements of this chapter, the public utility may request approval to file alternative but comparable information which the public utility files with other state or federal regulatory agencies. If the proposal is approved by the board, the public utility may file the information as a partial substitute for, or in lieu of, the information required by rule 31.3(476), and the board may provide that the public utility continue to file the approved alternative information in future filings. The public utility shall file the same information, whether it is the alternative information filed with other agencies, or the information required by rule 31.3(476), for at least five consecutive years. Proposals to file alternative information shall be filed by the public utility on or before December 1 of the year preceding the year for which approval is sought.

**199—31.6(476) Standards for costing service transfers between regulated operations and non-regulated affiliates.**

**31.6(1)** *Nonregulated affiliate provides service to a regulated affiliate.* The service shall be priced to the regulated affiliate's operations at the price charged to nonaffiliates. If no such price is available, the service shall be priced at the lower of fully distributed cost, the lowest price actually charged to other affiliates, or a market price of comparable services. If a market price of comparable services is not reasonably determinable, the service shall be priced at the lower of fully distributed cost or the lowest price actually charged to other affiliates. Under no circumstances shall the service be priced to a regulated affiliate's operations at a higher cost than what the regulated affiliate actually paid the unregulated affiliate for the service.

**31.6(2)** *Service is provided by the utility to a nonregulated affiliate.* Utility service shall be provided at the tariffed price. If it is not a tariffed service, the service shall be recorded at fully distributed cost.

**199—31.7(476) Standards for costing asset transfers between regulated operations and non-regulated affiliates valued at less than \$2 million.**

**31.7(1)** *Asset of a nonregulated affiliate transferred to a regulated affiliate.* The asset transfer shall be recorded at the lesser of net book value, the price actually charged to affiliates or nonaffiliates, or the market price of comparable assets. Under no circumstances shall the asset be recorded at a cost higher than what the regulated affiliate actually paid for the asset.

**31.7(2)** *Asset of a regulated affiliate transferred to a nonregulated affiliate.* The asset transfer to the nonregulated affiliate shall be recorded at the greater of net book value, a price actually charged to other affiliates or nonaffiliates, or the market price of comparable assets.

**199—31.8(476) Waivers.** Any public utility may file an application for waiver of the requirements of this chapter. The application shall include a detailed statement of why the waiver is in the public interest.

These rules are intended to implement Iowa Code sections 476.73 and 476.74.

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